

Message Text

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DRAFTED BY NEA/AFN:ALEGGIO/JKBISHOP:MAR
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TO AMEMBASSY TUNIS PRIORITY
INFO AMEMBASSY RABAT
AMEMBASSY TRIPOLI
AMEMBASSY ALGIERS
AMEMBASSY CAIRO
AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 213505

EXDIS

E.O. 11652: GDS

TAGS: PFOR, TS

SUBJECT: HEDDA/VELIOTES MEETING OF SEPTEMBER 2

REFS: A. TUNIS 8109 (NOTAL)
B. STATE 208702 (NOTAL)

1. SUMMARY: DURING TOUR D'HORIZON FOLLOWING HEDDA'S RETURN TO WASHINGTON, VELIOTES EXPRESSED USG CONCERN AT FREQUENT SOVIET NAVAL USE OF MENZEL-BOURGUIBA AND AT TUNISIAN INDECISIVENESS ON USE OF FMS CREDIT. HEDDA REPLIED HE UNINFORMED CONCERNING SOVIET USE OF MENZEL-BOURGUIBA AND ASSURED VELIOTES GOT INTENDS USE FMS CREDITS. ON OTHER TOPICS HEDDA OPINED FIRST HALF 1978 TIME FRAME FOR NOUIRA
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VISIT ACCEPTABLE, GOT BELIEVES READING AND BATES RIG WHICH DRILLED IN DISPUTED ZONE DISCOVERED OIL, AND GOT WANTS HELP ESTABLISHING MECHANISM TO PROMOTE U.S. INVESTMENT IN TUNISIA. END SUMMARY.

2. TIMING OF NOUIRA VISIT: HEDDA SAID HE SURE FIRST SIX MONTHS OF 1978 TIME FRAME WILL BE ACCEPTABLE AND ASKED IF

DEPARTMENT COULD GIVE MORE PRECISE DATES FOR NOUIRA TO CONSIDER. HE OPINED MARCH/APRIL MIGHT BE SUITABLE. WE REPLIED THAT SPECIFYING MORE PRECISE DATES WILL BE NEXT STEP ONCE NOUIRA'S FORMAL RESPONSE TO OUR PROPOSAL RECEIVED.

3. HEDDA REITERATED HIS THEME THAT JOINT COMMISSION MEETING SHOULD BE HELD IN 1977 TO MEET ANNUAL COMMITMENT. HE SUGGESTED POSSIBLE EARLIER MEETING BETWEEN MINISTER OF ECONOMY AND SECRETARY OF COMMERCE TO DISCUSS WAYS INCREASE BILATERAL TRADE. DISCUSSION OF BINATIONAL COMMISSION MEETING INCONCLUSIVE, WITH DEPTOFFS EXPRESSING PREFERENCE FOR SPRING TIMING, FOLLOWING POSSIBLE PREPARATORY SUBCOMMITTEE SESSIONS DURING FALL IN WASHINGTON WITH MINISTERS ECONOMY AND PLANNING. DISCUSSION WITH HEDDA TO BE CONTINUED NEXT WEEK.

4. INVESTMENT PROMOTION: HEDDA REQUESTED DEPARTMENT'S ASSISTANCE DEVELOPING SOME MECHANISM TO ENCOURAGE U.S. INVESTMENT IN TUNISIA BY DESCRIBING ATTRACTIVE OPPORTUNITIES AND INDICATING USG SUPPORT FOR SUCH INVESTMENT. WE SAID DEPARTMENT WILL RESEARCH WHAT MECHANISMS HAVE BEEN CREATED TO ENCOURAGE U.S. INVESTMENT IN OTHER FRIENDLY COUNTRIES.

5. MILITARY ASSISTANCE: HEDDA SAID FARHAT TOLD HIM FAAR SYSTEM TOO EXPENSIVE. HEDDA UNAWARE GOT HESITANCY ON CONFIDENTIAL

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VULCAN PURCHASE. HE INSISTED GOT DEFINITELY INTENDS PURCHASE CHAPPARRAL. HE SAID THE GOT INTERESTED IN POSSIBLY PURCHASING F-5S AND MIGHT USE FMS CREDITS FOR THIS PURPOSE.

6. READING AND BATES: VELIOTES TOLD HEDDA HE HAD RECEIVED A PHONE CALL FROM CHARLES THORNTON, PRESIDENT OF READING AND BATES, WHO SAID THE "J.W. BATES" HAD LEFT THE DISPUTED AREA AND "LIKELY DID NOT" STRIKE OIL. SENATOR BARTLETT ALSO WROTE VELIOTES DESCRIBING THE SAME RESULT. HEDDA SAID HE HEARD A MONTH AGO IN TUNIS (THROUGH AMERICAN OIL COMPANY REP) THAT "J.W. BATES" ACTUALLY MADE A BIG OIL STRIKE. WE SAID WE WOULD CONTACT SENATOR BARTLETT TO TRY AND CLARIFY THE POINT.

7. TUNISIAN/LIBYAN RELATIONS: HEDDA CONFIRMED TUNISIAN/LIBYAN RELATIONS HAVE IMPROVED BUT DOWNPLAYED SIGNIFICANCE. HE WAS UNRESPONSIVE WHEN ASKED TO ASSESS LIBYAN MOTIVES. HE SAID GOT HOPES ACHIEVE QUOTE GREATEST COOPERATION POSSIBLE UNQUOTE.

8. PUERTO RICO AND ILO: WE EXPRESSED U.S. CONCERN ON PENDING VOTE ON PUERTO RICO IN COMMITTEE OF 24 AND WE

EXPLAINED THAT EMBASSY TUNIS HAD ALREADY ASKED FOR GOT SUPPORT ON THIS VOTE. HEDDA ASSURED US GOT WOULD BE COOPERATIVE. WE THEN BRIEFED HEDDA ON DEPARTMENT POSITION ON ILO.

9. MENZEL-BOURGUIBA: THERE WAS BRIEF LOW-KEY EXCHANGE ON SUBJECT. VELIOTES NOTED THE NUMBER OF SOVIET NAVAL VESSELS BEING REPAIRED AT MENZEL-BOURGUIBA DOCKYARD. HE SAID THAT WHILE OBVIOUSLY TUNISIAN AFFAIR, USG HOPES TO BE INFORMED IF THIS SIGNALS ANY CHANGE IN GOT POLICY, AND HE SUGGESTED SUBJECT BE DISCUSSED WITH AMBASSADOR MULCAHY IN TUNIS. HEDDA REPLIED HE UNFAMILIAR WITH SUBJECT AND WOULD HAVE TO INFORM HIMSELF.

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10. BILATERAL ASSISTANCE: HEDDA MADE USUAL PITCH FOR EXPANDED U.S. ASSISTANCE. NOTING TUNISIA EXPERIENCING ECONOMIC DIFFICULTIES, HE SAID U.S. MILITARY ASSISTANCE TOO EXPENSIVE ON PRESENT TERMS AND GOT WOULD LIKE IMPROVED TERMS AND/OR A PORTION OF MILITARY ASSISTANCE ON GRANT BASIS. VELIOTES' RESPONSE NON-COMMITAL.

11. HAVING SIGNALLED USG CONCERN ABOUT SOVIET USE OF MENZEL-BOURGUIBA TO HEDDA, WE BELIEVE IT WOULD BE APPROPRIATE FOR YOU TO REGISTER A SIMILAR EXPRESSION OF CONCERN IN TUNIS. INSTRUCTIONS WILL FOLLOW BY SEPTTEL.

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